[COMMITTEE PRINT]

TAX SHELTERS:
OIL AND GAS DRILLING FUNDS

PREPARED FOR THE USE OF THE

COMMITTEE ON WAYS AND MEANS

BY THE STAFF OF THE

JOINT COMMITTEE ON INTERNAL REVENUE TAXATION

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CONTENTS

DESCRIPTION OF THE OIL AND GAS SHELTER

In the typical drilling fund, an oil company or promoter (often a corporation) forms a limited partnership with itself as the general partner. It then solicits additional equity investments in the partnership from outside parties, who become limited partners. This capital, and in come cases borrowed funds, is used to acquire the working or operating interest in prospective oil and gas properties and to engage in exploratory drilling on these properties. Any borrowed funds are usually obtained on a nonrecourse basis, that is, none of the partners are personally liable for this debt and the lender must seek repayments from specified partnership assets, such as any oil and gas reserves discovered as a result of the exploration.

There were over $900 million of offerings in oil and gas drilling ventures which were registered with the National Association of Securities Dealers in 1973, and about $836 million of such offerings in 1974. In addition, there were substantial amounts of offerings which were not registered because they were not made through members of NASD.[1]

The principal features of the oil and gas tax shelter include:

(1) the immediate deduction of intangible drilling and development costs;

(2) the use of leverage through nonrecourse loans so that the limited partners are able to deduct expenses in excess of their actual equity investment in the partnership without being personally liable on the loans; and

(3) conversion of ordinary income into capital gains.

This type of tax shelter also involves syndication expenses.

PRESENT LAW

Rapid writeoff of expenses; intangible drilling costs

Under present law, a partner (including a limited partner) is required to take into income his distributive share of the partnership's income or losses (sec. 702). Generally, the partner's distributive share is determined under the partnership agreement (sec. 704). Thus, the partner may deduct from his income all of the losses of the partnership which are allocated to him under the partnership agreement.

In the case of the oil and gas drilling partnership, the most important (by far) of the expense items which generates large immediate losses is the deduction for intangible drilling and development costs. The intangible drilling deduction is specifically allowed as an option for oil and gas wells under section 263(c). Intangible drilling expenses include amounts paid for labor, fuel, repairs, hauling and supplies which are used in drilling wells, clearing of ground in preparation for drilling, and the intangible costs of constructing certain equipment

[1] These figures do include some private placements and intrastate offerings, but only those made through NASD dealers. Not all of the offerings registered were sold.

such as derricks, tanks, and pipeline which are necessary for drilling. But for the statutory election to deduct these costs, they would, in the case of a successful well, be capitalized over the life of the well and, in the case of a dry hole, be deducted at the time the dry hole is completed.

The Service has ruled, in Rev. Rul. 68–139, 1968–1 C.B. 311, that a limited partnership may earmark a limited partner's contribution to expenditures for intangible drilling costs, thereby allowing the allocation of the entire deduction to the limited partners (if the principal purpose of such allocation is not the avoidance of Federal taxes). Generally, in the case of a drilling partnership, all deductible items are allocated to the limited partners so that they can receive the maximum immediate write-off.

In another ruling in this area, Rev. Rul. 71–252, 1971–1 C.B. 146, the Service has ruled that a deduction may be claimed for intangible drilling costs in the year paid, even though the drilling was performed during the following year, so long as such payments are required to be made under the drilling contract in question.[2]

Leverage

The amount of loss a partner may deduct is limited to the amount of his adjusted basis in his interest in the partnership (sec. 704(d)), which is reduced by the amount of any deductible losses (sec. 705).

Generally, the partner's basis in his partnership interest is the amount of his cash and other contributions to the partnership (sec. 722). If a partner assumes liability for part of the partnership debt, this also increases his basis. However, where the partnership incurs a debt, and none of the partners have personal liability (a "nonrecourse" loan), then all of the partners are treated as though they shared the liability in proportion to their profits interest in the partnership (Regs. § 1.752–1(e)). For example, if a partner invested $10,000 in a partnership, in return for a 10 percent profits interest, and the partnership borrowed $100,000 in the form of a nonrecourse loan, the partner's basis in the partnership would be $20,000 ($10,000 of contributions to the partnership, plus 10 percent of the $100,000 nonrecourse loan).

This assumes that the nonrecourse loan is treated as a loan for Federal tax purposes, rather than as an equity investment in the partnership by the lender. In Rev. Rul. 72–135, 1972–1 C.B. 200, the Service held that a nonrecourse loan from the general partner to the partnership, or to a limited partner, was to be treated as a contribution to capital by the general partner, rather than a loan. In Rev. Rul. 72–350, 1972–2 C.B. 394, the Service held that a nonrecourse loan by an unrelated third party to the partnership was to be treated as an equity investment, where the loan was secured by the partnership's mineral properties, and the third party had the right to convert its loan into a 25 percent interest in the partnership profits. While these rulings have reduced the use of leverage in oil or gas partnerships, the practice has continued and there is no certainty that the position of the Service will ultimately be sustained by the courts.

Conversion of ordinary income into capital gain

The interest of the lessee in an oil or gas property has been held to be "real property used in the trade or business" within the meaning of

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[2] See also Rev. Rul. 71–579, 1971–2 C.B. 225.

section 1231 (Rev. Rul. 68–226, 1968–1 C.B. 362). The gain from the sale or exchange of such property will generally be treated as long-term capital gain (except to the extent of any depreciation recapture and assuming a 6-month holding period) unless the property is considered to be "held by the taxpayer primarily for sale to customers in the ordinary course of his trade or business." [3] An interest in a partnership is also generally treated as a capital asset (sec. 741).[4]

Thus, if the drilling is successful and the partnership disposes of its interest in the mineral property, or the limited partner disposes of his interest in the partnership, the income realized by the limited partner on his drilling investment would generally be treated as capital gain income.[5] (Many limited partnership agreements provide that the limited partner may have the right to sell his interest to the general partner under certain circumstances and subject to certain conditions.) In this way, the partner would be able to convert the ordinary income deductions based on his contributions to the partnership, as well as any leveraged amounts, into capital gain.[6]

If, however, the drilling is unsuccessful, no interest would be sold at a gain and no conversion of ordinary income to capital gain would take place to the extent of the partner's investment. But if the partnership is financed in part through nonrecourse loans, the nonrecourse debt would become worthless (because no oil or gas is found), which generally constitutes income to the partnership when the debt is foreclosed. This income is treated as capital gain from the "sale" of the mineral property (see *Commissioner* v. *Rogers*, 37 B.T.A. 897 (1938), aff'd. 22 AFTR 1129 (9th Cir., 1939)), and retains this character when it is passed through to the partner (sec. 702(b)). Thus, even in the case of unsuccessful wells, ordinary income deductions are converted into capital gains to the extent of any leveraged amounts.

Expenses of Syndication

Until recently, in the case of an oil and gas drilling fund, as in the case of tax shelters generally, it has been the common practice for limited partners to deduct the payments made to the general partner for services in connection with the syndication and organization of the limited partnership. However, in Rev. Rul. 75–214 (1975–23 I.R.B. 9), the Service ruled that such payments to general partners constitute capital expenditures which are not currently deductible. Nevertheless, because of the past practices of taxpayers deducting these payments, it might be appropriate to clarify the law further in this area.

Rev. Proc. 74-17

Under present law, if the purpose of a transaction is tax avoidance, the transaction may be set aside for Federal tax purposes, with the

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[3] Under section 1231, a taxpayer who sells property used in his trade or business obtains special tax treatment. All gains and losses from section 1231 property are aggregated for each taxable year and the gain, if any, is treated as capital gain. The loss, if any, is treated as an ordinary loss.

[4] This would be the result except to the extent of any unrealized receivables, substantially appreciated inventory, and depreciation recapture.

[5] If the loan were repaid out of the partnership income, each partner would take into income his distributive share of the amounts used for repayment; the partner's basis would not be affected. (The partner's basis would increase to the extent that his distributive share of the partnership income was used for partnership purposes, such as repayment of the loan, but his basis would decrease in an equal amount because his share of the nonrecourse partnership liability was being reduced by the repayment.)

[6] There is an argument that the intangible drilling costs deducted by a taxpayer might be subject to recapture under present law under the tax benefit theory. For example, in Rev. Rul. 61–214, 1961–2 C.B. 60, the Service ruled that certain costs of tangible property, such as tools and supplies, were to be recaptured as ordinary income, even though this property was sold as a part of section 337 tax-free liquidation transaction. However, it does not appear that there has been any use of this approach in the area of intangible drilling costs.

result that the taxpayer will not receive the deductions resulting from the transaction to which he would otherwise be entitled.[7] As a result, the Service generally will not issue a ruling letter with respect to any transaction where there is a serious question as to whether or not the principal purpose of the transaction is tax avoidance.

In Rev. Proc. 74–17, 1974–1 C.B. 438, the IRS set forth certain guidelines which it will apply in determining whether the formation of a limited partnership is for the principal purpose of reducing Federal taxes.

The IRS guidelines contained in Rev. Proc. 74–17 are as follows:

(1) All of the general partners, in the aggregate, must have at least a one percent interest in each material item of partnership income, gain, loss, deduction or credit.

(2) The aggregate deduction of the limited partners during the first two years of the partnership's operations cannot exceed the amount of the equity investment in the partnership.

(3) No creditor who makes a nonrecourse loan to the partnership may acquire, as a result of making the loan, any direct or indirect interest in the profits, capital, or property of the limited partnership, other than as a secured creditor.

If these requirements of Rev. Proc. 74–17 are not satisfied, no ruling letter will be issued. However, the taxpayer is still free to argue (with an Internal Revenue agent, or before a court) that he is entitled to the deductions claimed in connection with the partnership.

PROBLEM

In General

Many of the problems which apply in the case of tax shelters generally also apply in the case of the oil and gas shelter.

Deferral of tax exists here, although the nature of the problem may be distinguished from the type of problem which arises in connection with certain of the other shelters. The problem of matching income to expenses occurs primarily with respect to intangible drilling costs, which are immediately deducted (under sec. 263(c)) even though the income attributable to those expenses is not realized until later years.

One of the most conspicious elements of the oil and gas shelter is the fact that a wealthy taxpayer can wait until the end of the taxable year, and then eliminate his entire taxable income by entering a drilling venture. (This is illustrated by the case histories described below, where taxpayers eliminated tax on hundreds of thousands of dollars of economic income by entering drilling partnerships at the end of the year.) It is also these investors who are not in a very good position to evaluate whether the money invested will be utilized in connection with sound business practices, or will be unwisely used in ventures which have an unreasonably high element of risk. Thus, there may be a case for providing that where a taxpayer has related income from oil or gas production, he should be allowed to deduct his intangible drilling costs immediately, but that this tax advantage should not be available where the taxpayer seeks to eliminate Federal income tax on unrelated income.

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[7] See *Knetsch* v. *United States*, 364 U.S. 361 (1960); *Goldstein* v. *Commissioner*, 364 F. 2d 734 (2d Cir. 1966), *cert. denied*, 385 U.S. 1005 (1967). Courts often state that the "motive" of the taxpayer in entering the transaction is not controlling, but the transaction may be set aside if its substantive effect is solely tax avoidance.

The use of leverage (i.e., nonrecourse loans) in the drilling fund situation expands the benefits of deferral by allowing the limited partners to claim Federal tax deductions for amounts in excess of their economic investment. This result also distorts the economic substance of the transaction by permitting the taxpayer to deduct money which he has neither lost nor placed at risk.

The conversion of ordinary income into capital gain is also a problem which occurs in connection with the oil and gas shelter. The deferral of tax discussed above resulting from the deductions (including leveraged deductions) against ordinary income can become a permanent tax saving since most (or all) of the income which a taxpayer receives from the transaction will be treated as long-term capital gains. The taxpayer may, in effect, cut his taxable income in half, even where he has suffered no economic loss.

In some cases the tax avoidance made possible by the use of this shelter can reach substantial proportions, as is illustrated by the case histories prepared by examining the returns relating to tax shelter investments.[8] For example, in case number 25, the partnership began operations on December 28, and generated $133,000 of deductions before the end of the year. Capital contributions by the partners were $134,000. The individual taxpayer in that case paid no regular Federal income tax, and only $1,000 of minimum tax on $182,000 of economic income.

In case number 26, the partnership commenced operations in November, and generated over $400,000 worth of deductions on an investment base of only $200,000. One partner in that venture paid only $11,000 in tax, although he had an economic income of $390,000; another partner paid $33,000 in tax on an economic income of $344,000.

As indicated above, it is not clear, even under present law, that taxpayers are entitled to all the deductions which are sometimes claimed in connection with the oil and gas drilling funds.[9] As a result many participants in these shelters may be taking deductions which will later be disallowed by the IRS. One effect of this is that unsophisticated investors may be lured into economically unwise investments because of the hope of tax benefits which may never be realized.

Whether or not the tax benefits are realized, investments marketed almost exclusively for their tax advantages, rather than on the basis of the underlying soundness of the investment itself, distort the workings of the free market system and may tempt taxpayers to throw away their money in unwise adventures. For while it is possible for certain taxpayers to make money (due to the tax advantages) even when the drilling venture loses every cent (see example below), there are other taxpayers who find themselves economically worse off as a result of these investments.[10]

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[8] Tax Shelter Investments: Analysis of 37 Individual Income Tax Returns, 24 Partnership and 3 Small Business Corporation Returns. Prepared for the use of the Ways and Means Committee, September 3, 1975.

[9] For example, there may be questions as to whether nonrecourse loans made to the partnership should be treated as debt (which may be used to increase the basis of the limited partners) or an equity investment by the lender (which may not be so used). Also, it is the IRS position that syndication costs may not be deducted, but these expenses are sometimes claimed as a deduction in connection with this shelter.

[10] This fate does not necessarily befall the syndicators, who generally charge a management fee and charge the costs of syndication to the limited partners. Some syndicators contribute capital to the venture, while others do not contribute any significant amount. If the venture is successful, the syndicator generally has a substantial profits interest. Even those syndicators who do contribute capital are typically involved in a number of ventures, which gives the syndicator a degree of risk spreading that the limited partners do not necessarily have.

Example

Leveraged drilling fund; 70-percent bracket taxpayer.—Assume that A, whose marginal tax rate is 70 percent, is one of 8 individuals who invest $100,000 each for a 10 percent profits interest in the XYZ drilling syndicate, a limited partnership under State law. The general partner, G, who will manage the drilling venture, is entitled to 20 percent of the XYZ profits. The XYZ partnership agreement allocates all noncapital costs and expenses solely to the limited partners. XYZ obtains a nonrecourse loan for $800,000, in return for a security interest in its working rights to mineral properties. In the same year it was set up, XYZ uses the available cash ($1,600,000) to drill oil and gas wells.[11]

A, as a result of these transactions, has the following tax consequences: A's basis for his partnership interest consists of his equity, $100,000, plus his share of the non-recourse loan to the partnership, which is 10 percent of $800,000 ($80,000). XYZ, having expended all $1,600,000 of its capital on drilling costs, has a deduction of $1,600,000,[12] which is allocated pro rata among A and his fellow limited partners.

A may deduct his share of the drilling expenses, $200,000 (one-eighth of $1,600,000), to the extent of his basis of $180,000. (The remaining $20,000 is available for future deductions if A's basis in the partnership should be increased.) This deduction will save him $126,000 in taxes. Since he invested only $100,000, the upshot of these transactions is a net saving of $26,000. A, of course, retains his interest in the drilling syndicate.

Assume that in a later year it is determined that all the wells are worthless, the property is foreclosed, and this results in a taxable disposition. A would realize a capital gain equal to his share of the partnership liability ($80,000) in excess of his basis (zero). Since this gain is taxed as capital gain, his tax would be $28,000.[13] Thus even if this taxpayer invested in a completely worthless venture, his participation would cost him only $2,000. (The rest of the cost would be borne by the Government.)

But this does not take account of the value of the deferral which the taxpayer has received. Even one year's deferral on the taxpayer's accelerated deductions of $126,000, at a 7 percent interest rate, would be worth $8,820. In other words, the taxpayer would be dollars ahead even if the drilling partnership was completely unsuccessful.[14]

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[11] The deduction may also be taken, in the case of a cash basis taxpayer, if the partnership enters into a binding written agreement to have the drilling done in the following year (so long as the payments are required to be made under the contract), under the doctrine of the *Pauley* case, 63-1 USTC 9280 (S.D. Cal.); Rev. Rul. 71-252, 1971-1 C.B. 146.

[12] Some fraction of this amount might be expended for tangible drilling costs, such as drilling tools, pipe, casing, etc., which would have to be capitalized. In many partnerships, the general partner will put up some capital, and the partnership agreement provides that the capital items will all be charged to the general partner, in order to give each limited partner a full immediate write-off that is at least equal to his basis.

[13] This ignores the possible impact of the minimum tax (sec. 56) and the alternative tax on capital gains (sec. 1201(d)).

[14] To some this may appear to be an extreme example, since the drilling fund was leveraged, and the taxpayer was in the highest bracket. However, the example assumed that the taxpayer obtained only one year of deferral (whereas longer periods of deferral are not uncommon, and the value of the deferral obviously depends on the length of the deferral period). Likewise, the shelter in the example was leveraged at a one to one ratio (one dollar of leverage for each dollar of investment) but higher ratios of leverage are sometimes attempted.

Impact on Drilling

The impact of restricting the use of tax shelters in the oil and gas area on the amount of drilling undertaken in the United States is difficult to determine with any precision because information on the amount of drilling that is financed for "tax shelter" reasons is unavailable.

An indication of the great availability of financing through nontax shelter sources can be seen by comparing the amounts involved in publicly syndicated (NASD) tax-shelter offerings to the recent increases in revenues available to the oil industry. For example, in 1972, the public oil and gas offerings were $1.1 billion and in 1975 are running at an annual rate of $680 million.[15]

In 1972, crude oil was selling for somewhat in excess of $3 a barrel. In 1975, "new" oil is estimated to have an average price (without counting the $2 tariff) of $11.50 a barrel and "old" oil is at the controlled price of $5.25 a barrel. This represents an aggregate increase in revenue to the industry of $10 billion for new oil. If "old" oil were decontrolled and the $2 tariff removed, this would represent additional revenue to the oil industry of $11 billion at an annual rate for 1975 (without regard to any amount that might be taken in the form of windfall profits tax).[16]

The change in the price of oil indicates that it has become much more profitable to invest in exploration and development of oil and that there is a substantial amount of capital available for reinvestment in the industry that was not available a few years ago (and consequently the relative importance of tax shelters has diminished). To a large extent, this capital is in the hands of those who own oil rather than the speculative driller. Since it is quite profitable to drill for oil and since capital is available in the industry, it seems likely that with the decrease in the attractiveness of the tax shelters independent drillers would find new financing arrangements to tap capital within the industry rather than going outside it as they have in the past. (Independents would have some advantage over larger integrated producers in being able to retain as capital a larger portion of the income derived from their oil production activities, due to the availability of percentage depletion under the small production exemption. This factor might also serve to attract capital from small outside investors.) It is probable that this readjustment in financing will not take place immediately and there may well be some transitional reduction in drilling. But given the profitability of additional production, it is unlikely that this would have any significant impact on the available domestic oil supply.

ALTERNATIVE APPROACHES

There are a number of alternative approaches that the committee could consider to deal directly or indirectly with tax shelter investments in oil and gas drilling funds. If the committee believes that

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[15] Table 1, p. 16, "Overview of Tax Shelters," Sept. 2, 1975. The amount of money actually going into publicly syndicated tax shelters is substantially less than the public offerings because not all offerings are sold. On the other hand, there is a significant amount of tax shelter money which is not publicly syndicated. The Treasury Department estimates that the nonpublic tax shelter funds are roughly equal to the amount of public funds. Since publicly purchased tax shelters are roughly ½ the public offerings, the amount of public offerings should be a fair approximation of the amount of "tax shelter" money going into oil and gas drilling.

[16] These are gross revenues and do not reflect increased production costs, royalties, severance taxes or income taxes (which are reduced to the extent these profits are devoted to drilling).

certain incentives are no longer desirable or that the tax benefits from the preferences are greater than they need be, the committee could revise the provisions directly; that is, the particular provisions could be eliminated or the preference cut back to some extent. For example, the committee could consider requiring intangible drilling costs to be capitalized. In addition, the committee could consider certain changes with respect to general partnership tax treatment (such as, not allowing deductions in excess of a partner's equity in the partnership or not allowing nonrecourse loans to increase a partner's basis).

On the other hand, if the committee believes that the incentives should be continued for oil and gas drilling but that the tax benefit involved should not be available to offset income unrelated to that particular activity, then the committee could consider limiting the tax write-offs to income from that particular activity. This would prevent the use of excess deductions to shelter other income. This is the approach that the Administration adopted in its limitation on artificial loss (LAL) proposal made in the tax reform presentation to the committee on April 30, 1973.

A third approach to deal with drilling fund tax shelter investments could be considered if the committee decides against either of the first two approaches. If the committee believes that there is a desired objective for continuing the tax incentives and that revising the provision directly or applying a LAL approach would unduly restrict their purpose, then the committee could consider dealing indirectly with the preferences, such as by broadening the application of the minimum tax.

The following is a summary of the committee's decisions with respect to drilling funds in its 1974 tax reform bill, Mr. Ullman's proposals, and alternative proposals by other committee members.

Limitation on Artificial Losses

A. 1974 Committee Bill

Last year the committee decided not to apply LAL to oil and gas drilling funds.

B. 1973 Treasury proposal

Under the 1973 Treasury proposal, LAL would apply to intangible drilling costs which the taxpayer elects to expense. These costs would be deductible only to the extent of net "related" income from all oil and gas properties held by the taxpayer. For this purpose, net related income will be computed without regard to percentage depletion (but with regard to cost depletion). Also, any expenses attributable to a dry hole would be deductible in full against any category of income (without reducing related income). Losses which were not deductible because of LAL would be placed in a deferred loss account, and would be deductible against oil and gas income earned in future years. In the case of a partnership, net related income and deferred losses would be passed through to the partners in a manner similar to the way in which other partnership items are treated. A similar rule will apply in the case of subchapter S corporations. Trusts and estates would also be subject to LAL.

C. Mr. Ullman

Mr. Ullman would apply LAL to intangible drilling and development costs on a property-by-property basis. As a result, these deductions (except insofar as they represent abandonment losses) could not be taken in any year to the extent they exceed the "related" income derived in that year from the operation of the same property. Excess deductions from a property that cannot be taken in a year because of this limitation would be available to be offset against income in future years from the same property.

The purpose of this proposal is to deal with the one aspect of the oil and gas shelter which was not dealt with under the 1974 tentative decisions—the element of deferral with respect to intangible drilling and development costs attributable to the taxpayer's equity investment in the drilling fund. Under LAL, if the individual does not have related income from oil and gas production, his intangible drilling costs would not be deductible, but would be placed in a "deferred deduction account", until such time as he did have mineral income.

If the committee should decide to adopt the LAL approach in connection with the oil and gas tax shelter, it might wish to consider reducing the amount of the related income by the amount of any percentage depletion and dry hole deduction taken with respect to that income. Otherwise, these deductions would in effect be used against unrelated income.

Limitation on Deduction of Intangible Drilling Costs to Amount at Risk

A. 1974 Committee Bill

To deal with the problem of leverage, the committee last year decided to add a provision which would limit the amount of the deduction for intangible drilling and development costs attributable to a property to the amount for which the taxpayer is at risk with respect to that property. In other words, the taxpayer would be allowed a deduction equal to his own equity investment in the partnership, but he would not be allowed to deduct expenses paid out of leveraged funds, unless the taxpayer had personal liability with respect to those borrowings.

B. Mr. Ullman

His proposal is the same as that in the 1974 committee bill.

C. Messrs. Waggonner and Conable

The proposal would consider a taxpayer to be "at risk" in the case of bona fide nonrecourse loans where the established value of the property securing the nonrecourse loan is sufficient to obtain a loan from an unrelated traditional lending institution.

Gain From Disposition of Interest in Oil and Gas Wells

A. Committee Bill

In connection with the conversion of ordinary income into capital gain, the committee decided to adopt a recapture provision, somewhat similar to those already adopted in the code with respect to the recapture of depreciation (sections 1245 and 1250). Thus, the committee

decided to treat as ordinary income any gain on the disposition of interests in oil or gas properties (or interests in oil or gas partnerships) to the extent of the excess of the intangible drilling deductions taken with respect to those properties over the deductions that would have been allowed had the expenses been capitalized.

B. Mr. Ullman

His proposal is the same as that in the 1974 committee bill.

C. Messrs. Waggonner and Conable

The proposal would exclude from the recapture rules provided in the 1974 committee bill taxpayers qualifying for the independent producers and royalty owners exemption for purposes of percentage depletion (i.e., this would make the recapture rules inapplicable in the case of those eligible for percentage depletion).

Option To Deduct Intangible Drilling Expenses of Oil and Gas Wells

Mr. Stark and Mrs. Keys

The proposal would repeal the option to deduct intangible drilling expenses of oil and gas wells.

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